



LaRouche: It's The Derivatives, Stupid!

09 Oct 2008

Derivatives: The Hyperinflationary Bomb Crushing The International Financial System

October 9, 2008 (LPAC)--Lyndon LaRouche today mocked Treasury Secretary Hank Paulson's bailout scheme, warning that "Paulson and all the other central bankers have been lying through their teeth about their ever-changing so-called bailout swindles. The real problem, that none of them wish to talk about, is the mass of derivatives obligations, that are in the quadrillions of dollars."

LaRouche called the derivatives bubble the "hyperinflationary bomb, crushing the international financial system," warning, "Until you just shut down the whole derivatives trade--wipe these gambling obligations off the books of the financial system--you are just kidding yourself." LaRouche declared, "It is time to break the silence on derivatives. The true, hyperinflationary factor in the situation is the unregulated, insanely leveraged derivatives trade. This is what is killing us. This is the great crime of Alan Greenspan."

According to the most recent data, released June 30, 2008 by the Office of the Comptroller of the Currency, the three largest American bank holding companies, JP Morgan Chase, Bank of America and Citicorp, had current outstanding derivatives contracts, totaling \$179.4 trillion dollars. The three banks combined have total assets of just under \$5.6 trillion!

As of Dec. 31, 2007, according to the Bank for International Settlements, the total over-the-counter and exchange-traded derivatives totaled more than \$675 trillion. However, these "authoritative" figures are, according to *Executive Intelligence Review* analyst John Hoefle, grossly understated. The true figures, Hoefle estimated, are well-above a quadrillion dollars.

LaRouche concluded: "Unless and until you deal with this derivatives bubble, which cannot and should not be bailed out, you are just kidding yourself. It is time for Hank Paulson to swallow the only real medicine: bankruptcy reorganization of the entire, dollar-based financial system. And the first step in any such bankruptcy reorganization would be the cancellation of these quadrillions of dollars in pure gambling obligations. Without such action, this planet is doomed to a horrible dark age, just like the dark age of the 14th century, that followed the collapse of the Lombard banking system."

Paid for by the Lyndon LaRouche Political Action Committee
P.O. Box 6157, Leesburg, VA 20178, www.larouchepac.com
and Not Authorized by Any Candidate or Candidate's Committee